

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development proposes amendments to Chapter 36, "Film, Television, and Video Project Promotion Program," Iowa Administrative Code.

These amendments are intended to implement 2009 Iowa Acts, Senate File 480, which makes several changes to the Film, Television, and Video Project Promotion Program. These amendments:

1. Establish application deadlines. Due to numerous program changes, including a credit amount cap, notice of procedural deadlines will be clearly posted in advance.
2. Require a minimum amount of funding prior to application approval. This new requirement will delay projects that are not yet financially viable from entering the process until they are better financed.
3. Allow the Department to charge a registration fee. 2009 Iowa Acts, Senate File 480, allows the Department to charge applicants a registration fee, which will be used to support industry training, to sponsor industry events and to market the program.
4. Allow the Department to negotiate the percentage used to calculate the benefit with a producer and investor. This provision will allow the Department to negotiate a percentage which is less than the full amount possible.
5. Allow portions of compensation paid to the principal producer, principal director, and principal cast members to become eligible expenditures. Presently, the compensation paid to the principal producer, principal director, and principal cast members cannot be considered a qualified expenditure. This change will allow portions of moneys paid to the principal producer, principal director, and principal cast members to become qualified expenditures if, and only if, new spending thresholds are met.
6. Require the principal producer, principal director, and principal cast members to become Iowa taxpayers. This change applies the same criteria for becoming a qualified vendor to the principal producer, principal director, and principal cast members as are applied to other vendors.
7. Limit the qualifying amount of compensation paid to all other labor and personnel. In addition to limiting the amount of qualifying compensation for the principal producer, principal director, and principal cast members, these amendments establish limits for all other labor and personnel so that these other qualified expenditures do not exceed the qualified expenditures for principal producer, principal director, and principal cast members.
8. Allow the Department and the Department of Revenue to establish a list of negotiable expenditure items. Presently, most spending items besides compensation paid to the principal producer, principal director, and principal cast members are qualified expenditures. This change will increase the benefit to the state by allowing some spending items to qualify if, and only if, new spending thresholds are met.
9. Remove a reference to obsolete documentation. As the program has evolved, the requirement that producers use the Department's documentation was loosened to allow producers to use their own reporting documentation if the documentation is approved in advance. This change removes a reference to the original documentation requirement.
10. Spread the vendor benefit, the income exclusion, over four years. Under the existing program, qualified vendors are allowed to exclude all qualified income from their Iowa income tax liability in the year that it is earned. The change will spread the exclusion over four years at 25 percent per year. The benefit is additive so that vendors will be able to exclude 25 percent in each year of qualified earnings.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on August 4, 2009. Interested persons may submit written or oral comments by contacting: Tom Wheeler, Iowa Film Office, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; or by telephone at (515)242-4726.

A public hearing to receive comments about the proposed amendments will be held from 3 to 4 p.m. on August 4, 2009, at the above address in the ICN/Main Conference Room.

These amendments are intended to implement Iowa Code sections 15.391 to 15.393 as amended by 2009 Iowa Acts, Senate File 480.

These amendments were also filed as Adopted and Filed Emergency and are published herein as **ARC 7956B**. The content of that submission is incorporated by reference.